



## **Financial Guidelines**

## **Responsibility:**

### **PREAMBLE – THE ROTARY DISTRICT 7120 FINANCIAL PROCESS**

This document includes extensive guidance on the financial controls and practices to be followed by the Leadership and Committee structure of District 7120 to sustain the highest level of accountability to Rotary in District 7120 and to Rotary International.

### **RECORD KEEPING RESPONSIBILITIES**

The District Treasurer is responsible for maintaining quality financial records on an accrual basis for all District 7120 activities. Two exceptions currently exist where the District Treasurer has approved a separate bank account and financial records being maintained by the District International Youth Exchange Committee and the District Grants Program. Records for these committees are maintained separately and reported to the District Treasurer and Finance Committee on a periodic basis.

The forgoing is subject to review by the Audit Committee in accordance with Section II (I) of the District Policies and Procedures.

The District 7120 Foundation is a separate 501(c)(3) corporation having a separate Board of Directors. It operates independent of District 7120 but should report annually to the District Finance Committee by February 15.

### **DISTRICT 7120 ANNUAL BUDGET PROCESS**

Annually, the District Treasurer in consultation with the Governor, Governor- Elect, and Governor-Nominee shall prepare and submit an income and expense budget including recommended dues and assessments for the next June 30 financial year by **January 15**. The Finance Committee shall approve a final budget by March 1 for submission to the District **Training** Assembly. The budget is to be approved by the Club Presidents–Elect at the District Assembly generally held in March after the RI meeting for Governors-Elect. Final budget approval should occur before the new Governor takes office July 1st.

In order to maintain the above schedule, the following District committees should prepare and submit annual budgets to the District Treasurer by December 1st.

- Foundation
- Group Study Exchange/Vocational Training Teams
- RYLA
- Global Scholarship
- International Youth Exchange
- Interact
- District Awards
- Nomination Committee
- Membership
- Oratorical Contest
- Vocal Contest
- Golf Tournament



- Literacy Committee
- Red Wings Committee
- Governor Elect Hospitality Exchange Committee

All committee budgets should present a reasonable breakdown of income and expenses which serves the committees' needs and appropriately describes the nature of the income or expense. Expense items should not be netted against income items. If there are overruns anticipated in budget line items, the Governor and Treasurer should be consulted before overspending occurs. If it appears Reserve Funds may be needed to supplement an annual budget, Finance Committee approval should be obtained before such funds are expended.

Any District 7120 event generating or using District funds should submit a budget for Advisory Council approval 30 days before the event and report final results to the District Treasurer within 60 days after the event.

The District Golf Tournament Committee should process all income and expenses through the District Treasurer. A budget should be submitted to the District Treasurer at least one month before the event. A final report of income and expenses should be submitted to the District Treasurer within 60 days after the event. Net profits from this event are available to support Club, District or Rotary International projects at the discretion of the Governor.

If it is anticipated that an event may overlap in a fiscal year, this income and expense transfer shall be planned and budgeted for the succeeding year.

The current year's RYLA income and expenses should be moved to the following year.

### **DISTRICT 7120 DISTRICT CONFERENCE FINANCE PROCEDURES**

A member of the District Finance Committee shall serve on the District Conference Committee as an advisor.

The District Conference Committee should adhere to the following schedule: Submit final budget to the District Treasurer by January 1st for approval by the Finance Committee.

- Report final results to District Treasurer within 60 days after the District Conference.
- Submit any surplus funds to District Treasurer before September 1st.
- Request reimbursement for hardship loss to District Treasurer before September 1st.
- The District Conference budget should separately identify the following elements:
- Fixed costs to be considered as a District expense subject to budget limit.
- Other costs to be absorbed by attending Rotarians and guests.

The direct costs associated with inviting all District Rotarians to the District Conference and the costs associated with hosting guests required by Rotary International, including guests that attend due to their participation in the several Rotary Foundation and District programs, be underwritten by District 7120 up to the amount budgeted by the District for the applicable fiscal year, taking into account the financial needs of the District in all areas of representation, the financial stability of the District and the reasonableness of the amount being underwritten. After all District



Conference expenses have been paid, any surplus funds shall be returned to the District Treasurer for deposit into the General Fund.

A District Conference shall not receive additional District funds unless: 1) the need is reviewed by a committee consisting of the Chairperson and Treasurer of the Conference and two members of the Finance Committee; 2) the override is caused by a condition beyond the control of the Conference; i.e., not reasonably anticipated, and the causal condition, if resolved, will benefit or protect the District, as well as the Club from further liability; and 3) the expenditure is approved by a supermajority (two-thirds) of the full membership of the District Finance Committee.

The club hosting a future District Conference may request a funding advance debited from that future year's District 7120 District Conference Allocation to provide a deposit to secure that year's District Conference site. This request shall be made in writing from the Chairperson and Treasurer of the Future District Conference to include justification and supporting documentation from the conference facility. This request shall be presented for consideration to a district finance sub-committee consisting of the District Treasurer and two members of the Finance Committee.

### **CLUB DUES PROCESSING**

It is a requirement that each Club in the District send to the District Treasurer a per- capita fee to finance the operation of the District. The District Treasurer processes Club Dues as follows:

The per-capita fee used is determined each year during the development of the budget. It is accepted and adopted by the Presidents Elect at the District Training Assembly.

Club district dues shall be billed annually by July 31, based on the per-capita fee using the Rotary International Club Membership Report as of July 1. Clubs shall not be allowed to prorate dues for their members. Consistent with current Rotary International policy and practice, the July 1 membership data captured through the Rotary International membership retrieval system shall be the sole and final club membership numbers upon which the district club dues are based.

Payment of the Club Dues invoice is due upon receipt and payable by the Club to the D7120 Treasurer, postmarked no later than August 31 of the current year. Extended payment terms are considered on a needs basis by the District Treasurer.

In addition, the treasurer is authorized to bill every club for the cost of the President Elect Training Seminar (PETS) participation (including registration and food, but not hotel) using the cost established by the Empire Multi District PETS Committee. Since every President Elect is required to attend PETS, these payments are non-refundable should the club choose not to send their President Elect.

### **EXPENSE REIMBURSEMENT GUIDELINES**

The budget shall include a reasonable amount as shall be required to reimburse members of District Committees for necessary expenses incurred by them in the performance of their duties.



Expenses will only be reimbursed based on submission of a REQUEST FOR REIMBURSEMENT FORM accompanied by appropriate supporting documentation. No advances are to be made to cover District 7120 expenses. The following guidelines should be followed in requesting reimbursement of expenses incurred in performing District duties:

Expense budgets are established annually for the following District 7120 leaders for necessary expenses incurred by them in the performance of their duties when such expenses exceed the amount provided by Rotary International.

- Governor
- Governor-Elect
- Governor-Nominee
- Governor-Nominee-Designate
- Assistant Governors
- Foundation Area Directors
- District Secretary
- District Treasurer
- District Trainer

Subject to the spending limits set in the annual budget, the following expenses qualify for reimbursement:

- a. Mileage should be minimized and receive prior approval of the Governor. When reimbursed, the current rate for travel related to District duties shall be IRS standard mileage rate for “business miles” in effect at the beginning of the Rotary Year.
- b. Postage – actual expenses incurred.
- c. Printing, copying and stationery necessary for position (e.g. letterhead, business cards) should be minimized and receive prior approval of the Governor.
- d. Telephone – reimbursable if significant and unusual.

As additional guidance, the following should be noted:

- a. Meals and alcoholic beverages – not reimbursable by District.
- b. Gifts recognizing exceptional services – requires written Governor approval.

District 7120 operates its annual President Elect Training Seminar (PETS) through a consortium of four Rotary Districts (7120, 7150, 7170 and 7190). PETS expenses for the Governor, Governor-Elect, Governor-Nominee and Assistant Governors, and district facilitators are reimbursed separately as part of the District 7120 PETS budget but the lodging for the AGs alone comes from the Governor Elect's Rotary Funding (provided by RI after the DGE takes office) if reimbursement is requested by the AG within 90 days of the conclusion of Multi District PETS.

Rotary event costs – requires written Governor approval.

Spouse or companion expenses – not reimbursable by District.



Reimbursement of any other unusual expenses, or proposed expenditures for items not included in the adopted budget, shall be submitted to the District Finance Committee for evaluation. The use of District Funds for these expenditures must receive the written approval of the Governor.

### **ADDITIONAL FINANCIAL MATTERS**

Gifts to New Clubs: Pertaining to solicitation of contributions with which to purchase starting equipment, supplies, etc. for new clubs and to make funds available to cover expenses of the External Extension Committee incurred in the process of organizing new clubs, the Governor shall request each Club in the District to make a payment to the District Treasurer of a sum in accordance with the following, such payment to be made within 30 days of such request. The funds so collected to be used as stated above and all disbursements to be subject to the approval of the Governor. A contribution of U.S. \$0.50 per Rotarian of each club is to be requested.

Convention Expense Reserve: To balance out budget figures and to spread over several years the expenses for attendance at conventions outside the U.S. boundaries, an average yearly figure for such expenses may be set up which may be accumulated for use in the years overseas locations are chosen for Rotary International Conventions. The exact amount of such reserves shall be determined when yearly budget is prepared. In the event monies are advanced and there is a surplus, such surplus shall be remitted to the District Treasury.

Procedure for District Purchasing of Services and Supplies: In consideration of the cost of the District directory, said directory shall be submitted to bid in order to ensure the best price and quality available. Further in special circumstances there may be times when the District may want to buy materials or services beyond the usual expenditures incidental to District Assemblies, District Conferences, Charter Nights and similar events under supervision of the Governor. In such instances and where supplies and services might be available from various Rotary Club members within the District, in fairness to all, such members should be invited to bid on such supplies and services if they so desire.

Permanent Reserve Fund: The Finance Committee shall cause to be established a Permanent Reserve Fund separate from, and in addition to, the normal operating accounts of the District. The amount of the Fund is to be determined each year and approved as a part of the ensuing year's budget. Such amount is to be deposited with a responsible banking institution in a Certificate of Deposit or other like secure investment, drawing a competitive rate of interest.

The amount of this Permanent Reserve Fund shall approximate the amount of the previous fiscal year's total amount of monies expended and the base amount shall be \$70,000.

The income from said Permanent Reserve Fund, as available, may be used by the Governor to fulfill the needs of the normal annual operating funds of the District. The Governor may also utilize 10% of the unexpended funds in excess of the Permanent Reserve Fund. A greater expenditure would require approval of the Advisory Council.



Any money that remains in the budget after all obligations have been met (e.g. district conference) shall be placed in a reserve fund that may be used for expenses of the district as determined by the Finance Committee.

Youth Exchange: In order to ensure a more efficient liaison between the financial accounts of the Youth Exchange and the Finance Committees, the following procedures shall be followed:

- a. The Chairperson and the Treasurer of the Youth Exchange Committee shall be ex-officio members of the Finance Committee and a member of the Finance Committee appointed by its Chairperson shall serve on the Youth Exchange Finance Committee.
- b. Any audit procedure required of the Youth Exchange Committee shall be authorized by the Finance Committee.
- c. The Youth Exchange Committee Chairperson shall attend the U.S./Canada Youth Exchange annual meeting and advise the Finance Committee of any modification of Financial Responsibility.
- d. The Youth Exchange Committee Treasurer shall submit monthly financial reports to the District Treasurer on a format consistent with the District's financial reporting program. The Treasurer of the Youth Exchange Committee shall also send copies of all bank statements and other forms documenting income and expenditures to the District Treasurer for incorporation into the District Finances.